Confidential

DIRECTORATE OF
INTELLIGENCE

Intelligence Memorandum

The World Opium Situation

Confidential

ER IM 70-~~148~~
October 1970

WARNING

This document contains information affecting the national defense of the United States, within the meaning of Title 18, sections 793 and 794, of the US Code, as amended. Its transmission or revelation of its contents to or receipt by an unauthorized person is prohibited by law.

Approved For Release 2001/08/30 : CIA-RDP73B00296R000300060030-0

CENTRAL INTELLIGENCE AGENCY
Directorate of Intelligence
October 1970

INTELLIGENCE MEMORANDUM

The World Opium Situation

Introduction

Addiction to opium-based drugs has been increasing in most victim countries since World War II. International efforts to suppress illicit drug traffic currently are embodied in the 1961 UN Single Convention on Narcotic Drugs. The Convention encompasses the major aspects of previous international agreements but also emphasizes controlling leakage of opium from the farm into illicit channels.

To control farm leakage, the Convention calls for establishing state opium monopolies to designate areas for legal poppy cultivation and to license farmers. Opium production would also be limited by restricting exports to countries which legally exported opium before 1961: Turkey, Bulgaria, India, Iran, the USSR, Greece, and Yugoslavia. To oversee compliance, the Convention established the International Narcotics Control Board; however, the Board has no enforcement powers.

Illicit opium production has continued to flourish, however. Beyond the difficult task of crop control there is the persistent consumer demand and the inability of enforcement alone to suppress illicit trade. Given its present scale, abuse of opium-based drugs is unlikely to be lastingly

Note: This memorandum was produced solely by CIA. It was prepared by the Office of Economic Research and was coordinated internally in CIA and with the Bureau of Narcotics and Dangerous Drugs of the Department of Justice.

suppressed without greater international cooperation in treatment and enforcement programs as well as in production control.

This memorandum attempts to estimate world opium production and consumption and to describe the illicit trade patterns and the wholesale organization. It traces the major postwar marketing changes and discusses problems involved in controlling illicit production, consumption, and trade in opium and its derivatives.

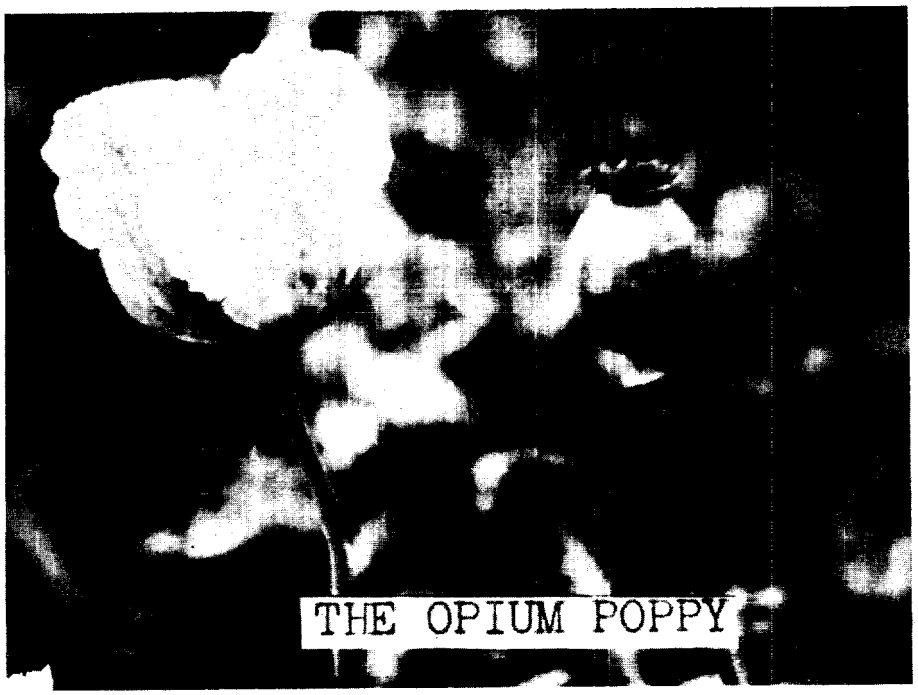
Production, Consumption, and Trading of Opium and Its Derivatives

Sources and Uses of Opium and Opiates

1. Opium is produced from several varieties of the poppy, *Papaver somniferum*, an annual that grows three to four feet tall on a thin main stalk and produces several blossoms and egg-size seed pods. Planted mostly in the fall but sometimes as a spring crop, it requires intensive cultivation and much harvesting labor. About two weeks after the blossoms fall the pods are lanced by hand and the white latex-like raw opium oozes out and coagulates. This gum is collected by scraping the pod (see the accompanying photographs). Upon further exposure the gum hardens into a brown brick-like form. The chief active chemical in opium is the alkaloid morphine, the sole source of the drug's analgesic, narcotic, and addictive properties.

2. In its pure state, opium may be eaten, smoked, or drunk. Today, eating and smoking greatly predominate. Opium has a long tradition in folk medicine, and addiction is to some extent associated with alleviating physical pain in settings of poverty and low public health standards. The habitual use of opium for nonmedicinal purposes also reflects longstanding customs in many parts of the world. Only to a lesser extent does its use represent a reaction to human stress in settings of rapid social change and the consequent conflicts between traditional and modern values.

An Iranian poppy field in bloom. The pods within the flowers contain the opium alkaloids.



The poppy flower in full bloom (left), and the pod after the petals have fallen.

Lancing pods to allow the raw opium to seep out.

Scraping the raw opium from the poppy pod.

3. In modern medicine, raw opium has been long superseded by its easily distilled derivatives (opiates) which isolate the morphine. Although most morphine is still produced from raw opium, it is increasingly being derived from processing poppy straw (the pods and upper parts of stalks) which bypasses the opium stage and produces morphine directly. While the use of morphine as an analgesic has declined since World War II in favor of synthetics, the processing of morphine into codeine, the major anti-tussive in modern medicine, has been on the rise. Morphine addiction is a serious problem in only a few countries, but heroin addiction has spread to many. Heroin, a semi-synthetic derivative obtained by the action of acetic anhydride or acetylchloride on morphine, is generally regarded as having no unique medical value and is outlawed in most countries. For the most part heroin is produced in small, crude, clandestine laboratories.

4. Morphine multiplies the effects of opium several times and heroin even more, particularly when taken by injection. Euphoria and indifference to pain and distress are heightened as is addictive craving. Although a substantial portion of those consuming opium may be classified as users rather than addicts, those consuming morphine and heroin are generally addicted. Heroin addiction is associated with societies undergoing rapid social change and the attendant conflicts between traditional and modern values. Heroin consumption is essentially an urban phenomenon restricted mostly to people under 40 years of age.

The Production Zone

5. Opium poppy cultivation is profoundly influenced by climate, terrain, and economics. Opium poppy can be grown in a variety of soils except it dislikes heavy, clayey, or sandy soils. The plant thrives in warm but not humid climates and requires only a moderate amount of water before and during the growth cycle. Rainfall during the harvest, however, can be disastrous since it leaches alkaloids from the pod. Much of the sometimes irrigated flat terrain of mountain valleys, 3,000 feet or more above sea level, in the Middle

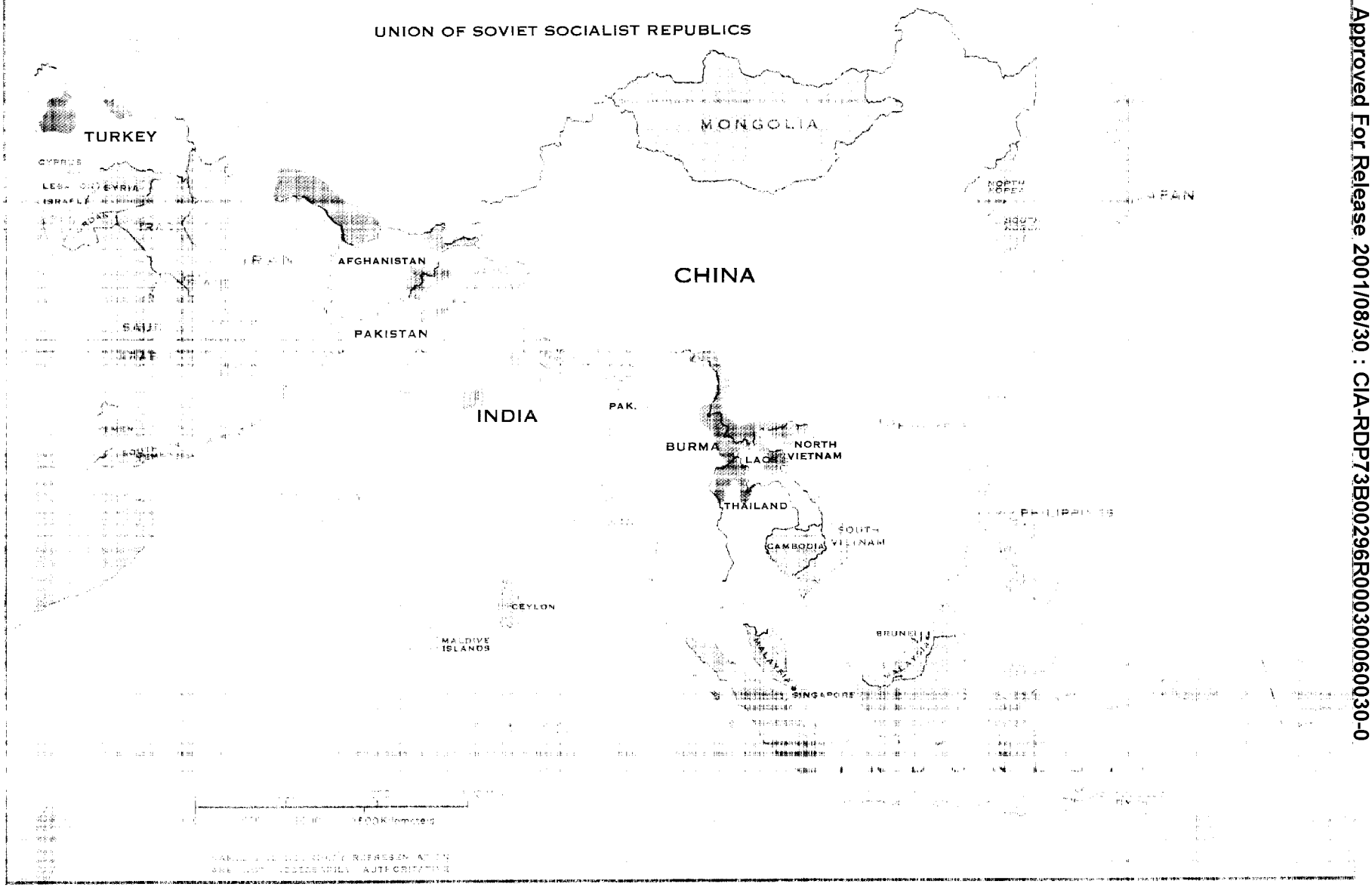
and Far East meets the climatic and soil conditions well, and most of the world poppy cultivation occurs within a zone extending from Turkey's Anatolian Plain to Communist China's Yunnan Province (see Figure 1).

6. The two greatest concentrations of opium poppy acreage are in India and the areas occupied mostly by hill tribes in Burma, Laos, and Thailand. India cultivates well over 35,000 hectares and the other areas collectively probably even more. There is also extensive poppy acreage in the Pushtu-speaking area in northwestern West Pakistan and northeastern Afghanistan (hereafter in this memorandum referred to as Afghanistan-Pakistan) and in the Central Asian republics of the USSR. Turkish poppy cultivation, a reported 12,000 hectares in 1970, is probably somewhat less than either Afghanistan-Pakistan or the USSR. Poppy acreage in Communist China is unknown but may well be less than in Turkey. Iran abolished poppy production during 1956-68 but planned to have 12,000 hectares under cultivation in the fall of 1970. There is relatively small acreage in Mexico and parts of North Africa and only scattered cultivation in South America. In all the above areas, poppy is cultivated and harvested by hand, chiefly to obtain raw opium. Poppy is mechanically cultivated and harvested on a relatively modest scale in Northern and Eastern Europe and the European parts of the USSR to produce poppy straw for processing into morphine. In 1969 this activity accounted for about 40% of the world's licit morphine output. An equally important purpose of European and Soviet cultivation, however, is to obtain poppy seed for the baking industry.

7. Opium poppy cultivation generally uses only a minor share of farm land. Poppy farmers from Turkey through India seldom plant more than about one hectare; the major part of their land is used to meet their own food needs, chiefly wheat. In some areas of the Far East, however, poppy acreage represents a larger portion of the cropped land. Some Meo hill tribes in Northern Thailand pursuing a slash-and-burn type of agriculture plant half or more of the cropped land in poppy, with the remainder in upland rice. Since these farmers produce only part of their food needs, they market some opium to buy rice.

Figure 1

Major Opium Producing Areas of the World, 1969



Approved For Release 2001/08/30 : CIA-RDP73B00296R000300060030-0

8. A major constraint on poppy cultivation is that it is labor-intensive. Some UN authorities estimate 175 to 250 hours of labor are required to produce one kilogram of opium. Although yields vary with soils, temperatures, rainfall, and seed quality, they can be substantially increased by irrigation. Moreover, because poppy rapidly depletes the soil, good yields demand fertilization or, at a minimum, land rotation. While the poppy needs thinning and several hoeings and weedings during its growth cycle, harvesting requires the most labor. The five or six pods on each plant must be lanced and, usually within a 24-hour interval, the gum collected. In Turkey, lancing is commonly done at least twice (with a week interval between lancings) but may be done six or eight times in India. Harvesting labor requires entire families -- and sometimes hired hands as well -- over periods extending from two weeks to two months. Because of the tremendous labor requirement, poppy tends to be raised only where labor is both abundant and cheap. Indeed, per capita incomes range from $370 in Turkey to less than $100 in India and the Far East.

Production Incentives

9. A farmer's poppy income reflects both yields and quality, which, in turn, reflect the intensity of cultivation and seed quality. By weight, Indian yields are highest (20 kilograms per hectare), in part because the opium gum is commonly adulterated with seed, leaves, and even foreign matter. Turkish yields in the late 1960s ran 15 to 16 kilograms per hectare. Afghani-Pakistani yields may approximate these but mainly because of adulteration. In Burma, Laos, and Thailand yields are perhaps only 8 to 10 kilograms per hectare. When opium quality is defined by its morphine content, the Turkish quality is the world's highest -- from 9% to 13%. The morphine content in other countries generally varies from 4% to 12%. In Turkey and India the farmer receives additional income from the harvesting of poppy seed and straw.

10. The farm price of opium tends to fall moving west to east in a pattern corresponding with changes in product quality. The illicit market price paid Turkish farmers is estimated

to have been about $25 per kilogram during 1969 (see Table 1). In Pakistan the comparable price averaged an estimated $12 to $15, and in Burma, Laos, and Thailand about $12. Farm prices on the licit market vary less markedly, except for Iran. In Turkey and India, the only significant licit opium exporters, the upper limit is determined by the world market price. For Turkish opium the licit price was about $12 per kilogram during most of the 1960s and for Indian opium about $1 less. Iran is a special case. When it resumed licit production in 1969 it set a producer price of $91.80 per kilogram for top grade opium and an average price of perhaps half that amount in order to discourage leakage into illicit market channels.

Table 1

Prices to Farmer for Raw Opium
1969

Producing Country	US $ per Kilogram
Turkey	
Licit	11.00
Illicit	25.00
Pakistan	
Licit	10.00
Illicit	12.00 to 15.00
India	
Licit	10.00
Burma/Laos	
Illicit	12.00
Iran	
Licit	91.80 a/

a. Price for top-grade opium only.

11. Although the price declines moving eastward, poppy cultivation as an element of farmers' incomes usually becomes more important. In Turkey, for example, earnings for the 70,000 poppy farmers in the late 1960s averaged $70 to $80 -- about half from illicit production. These earnings accounted for roughly 10% of average yearly income in major poppy-growing areas -- $700 per farm -- and perhaps half the cash income. In India, 200,000 farms averaged $70 to $75 from poppy cultivation. This could easily represent 15% to 20% of average farm income and probably most of the cash income. In Burma, Laos, and Thailand, opium is often the principal source of farm income to poppy growers.

12. There is no readily substitutable crop in the main opium-producing areas that can yield a comparable income return per unit of cultivated land. In West Pakistan, for example, much of the poppy area could be sown to high-yielding Mexican wheat, but the return would be only about $50 per acre, compared with $90 for poppy. In Turkey, Mexican or other high-yielding wheat varieties might be raised on some poppy acreage with returns the same as in Pakistan. Loss of income per unit of land would be greater, however, since average prices for opium -- both licit and illicit -- are considerably higher than in Pakistan. A recent UN survey of poppy-growing areas of Northern Thailand concluded that prospects for an alternative crop to poppy that would bring commensurate returns are not encouraging.

Licit Production, Consumption, and Trade

13. Licit opium production probably approaches 1,100 tons* annually, or less than half of total world production (see Table 2). India, with 750 tons in 1968, far outranks any other country. The USSR and Turkey, each producing on the order of 120 tons in 1968, rank second. On the basis of likely medical requirements, Communist China may produce 75 tons to 100 tons. Production in North Vietnam is very much less. Pakistan, Japan, Bulgaria, and Yugoslavia produce only small amounts

* *All tonnages in this memorandum are given in metric tons.*

Table 2

Estimated World Opium Gum Production a/
1968

Metric Tons

Producing Country	Licit Production b/	Illicit Production	Total Production
India	750	175 to 200	925 to 950
Turkey	120	100	220
USSR	115	--	115
Yugoslavia	Negl.	--	Negl.
Pakistan	Negl.	175 to 200	175 to 200
Japan	Negl.	--	Negl.
China	75 to 100	Unknown	75 to 100
Afghanistan		100 to 125	100 to 125
Burma		400	400
Thailand		200	200
Laos		100 to 150	100 to 150
Mexico		5 to 10	5 to 10
Other c/		5 to 10	5 to 10
Total	*1,060 to 1,085*	*1,260 to 1,395*	*2,320 to 2,480*

a. Rounded to the nearest five tons.
b. As reported by licit exporting countries to the United Nations, except for Communist China.
c. Mainly North Africa and the Near East.

of licit opium. In 1969, when it resumed poppy cultivation, Iran produced 9 tons.

14. Practically all licit opium is used to manufacture medicinal opiates. Morphine production currently runs about 160 tons per year, 40% from poppy straw. In 1968, 30,000 tons of poppy straw were processed, including 6,500 tons by the USSR. Other leading processors were the Netherlands, Czechoslovakia, Hungary, and Poland. The opium supply is adequate for world medicinal needs, and, although prices have risen in the past year or so, this reflects no long-term shortages.

15. About two-thirds of licit opium production in the late 1960s was sold to pharmaceutical firms, chiefly in Western Europe and North America. India accounted for more than 80% of such exports in 1968 and Turkey nearly all the remainder. Both countries export most of their licit output. Communist China exports no opium. The USSR supplements its domestic supply with substantial imports from India. World exports of poppy straw were 6,560 tons in 1968, 98% from Turkey.

16. A very small amount of licit opium production is used by some governments to provide maintenance dosages for registered addicts. India, Pakistan, and Iran have such programs. India planned to dispense two tons of opium in 1970 to registered addicts, only a small percentage of total consumption by Indian addicts and users. Pakistan's program is also small. Iran began registering addicts only in late 1969. By March 1970, 30,000 persons had registered, and by mid-year about 50,000, or perhaps 15% of Iran's addict and user population. Although the quantity of opium provided by maintenance programs varies among these countries, in each, as in other victim countries, most addicts are supplied exclusively by the illicit market.

Illicit Production and Consumption

17. Illicit world opium production, estimated at 1,250 to 1,400 tons annually, is concentrated in Southeast Asia, with other areas tending to rank in descending order of importance moving

westward. Together Burma, Laos, and Thailand account for an estimated 700 tons to 750 tons, over half of world output, and Burma alone about 30%. Afghanistan-Pakistan is second with about 300 tons. Pakistan's production -- 175 tons to 200 tons -- is about the same as India's. Turkey's illicit output was estimated at 100 tons in 1968 and 1969. A small amount of illicit opium is produced in Mexico and in some South American, North African, and Near Eastern countries. Communist China's once vast illicit output became insignificant in the late 1950s. Illicit output in the USSR, the Communist countries of Eastern Europe, and North Vietnam is probably also insignificant.

18. There are possibly at least two million users and addicts in the world (see Table 3). No firm data are available for individual countries, and estimates are based on judgments of health or police authorities or independent observers. Moreover, these estimates vary widely on individual countries. Yet practically all observers agree that the largest single group is in the Far East and Southeast Asia and consists mainly of overseas Chinese. Burma, Laos, and Thailand may collectively account for three-quarters of a million users and addicts, with Burma having the largest share. Hong Kong, with perhaps 150,000, has the world's highest per capita rate of users of opium-based drugs. The largest national user and addict populations are in Burma and Iran, perhaps 350,000 in each. A likely figure for India is 250,000 to 300,000 and for Afghanistan-Pakistan, perhaps 100,000 to 150,000. For North America (mainly the United States) and Western Europe the best estimates are over 100,000 and 75,000, respectively.

19. Most users and addicts consume raw opium either by smoking or eating. From Iran through India, eating is generally the norm, while in the Far East and Southeast Asia smoking is more common. In Iran and all countries producing illicit opium, except Turkey, users and addicts are found in both rural and urban areas and among both the young and old. The poppy-growing tribes of the Far East, in particular, contain sizable numbers of users and addicts. Turkey has no significant user or addict population, however.

Table 3

Annual Consumption of Illicit Opium
and Opiates and Sources of Supply

Country/Area	Users and Addicts a/ (Thousand)	Metric Tons of Raw Opium: Domestic Illicit Supplies	Metric Tons of Raw Opium: Net Illicit Imports
Iran	350	Negl.	250
Afghanistan/Pakistan	100 to 150	75 to 100	
India	250 to 300	175 to 200	Negl.
Thailand	250	175	Negl.
Burma/Laos	500	350	Negl.
Hong Kong	150	--	105
Singapore/Malaysia	40	--	30
North America	100	--	40
Western Europe	75	--	30
Other b/	More than 100	Negl.	70

a. Including heroin and morphine addicts whose consumption is converted to units of raw opium equivalent.
b. Including Indonesia, South Korea, Japan, the Philippines, Taiwan, Macao, North Africa, and the Near East.

CONFIDENTIAL

Approved For Release 2001/08/30 : CIA-RDP73B00296R000300060030-0

20. The illicit consumption of opium derivatives -- overwhelmingly heroin -- is now a major problem for many countries. The United States, with no raw opium addiction, has the largest population of heroin addicts, which is estimated to be more than 100,000. Some 50,000 are in Iran. The total heroin population of Western Europe may be around 75,000. Heroin addiction accounts for a significant and increasing part of the opium consumed in Thailand, Hong Kong, Taiwan, Japan, South Korea, and the Philippines. Only in Singapore and Malaysia does morphine account for a substantial share of opium consumption.

21. There is considerable variance in individual consumption. It varies with the form of the drug, the way it is taken, as well as with the severity of the habit or addiction, and, of course, availability. Smokers may consume up to five times more opium than eaters. It requires ten units of opium to produce one like unit of heroin, but, because of heroin's strength, addicts generally consume less in terms of raw opium than do opium addicts. In the Far East, heroin is mostly smoked and average consumption is presumably greater than in the West, where heroin is almost exclusively injected.

22. Considering all these variables, only the roughest rule-of-thumb estimate can be devised for average illicit per capita consumption in terms of opium. The norms provided by the Iranian maintenance dosage program for registered opium addicts appear useful. These norms represent minimal addict requirements -- a daily ration of 4.7 grams for smokers (roughly 1,700 grams per year) and one gram for eaters (365 grams per year). Since information suggests that Iran has some 200,000 opium eaters and 100,000 smokers plus 50,000 heroin addicts, who consume at a minimum about the same amount per person as US addicts, then the yearly per capita consumption would be about 700 grams.

23. It is estimated that about 60% of the world's illicit opium supply is consumed within producing countries and handled through their black markets. The user and addict populations of Burma, the largest single consumer among these countries, combined with Laos, may require some

350 tons per year. Thailand's consumption possibly approaches 175 tons, India's is probably between 175 tons and 200 tons, and that of Afghanistan-Pakistan about half that level.

24. The balance of the world's illicit consumers are supplied by imports smuggled from major producing countries. The largest market is Iran, where imports are perhaps 250 tons. Hong Kong probably absorbs over 100 tons per year in terms of opium equivalent. Other major markets are the United States, with smuggled imports estimated at 40 tons in opium equivalent; Singapore and Malaysia combined 30 tons; and Western Europe 30 tons. Lesser markets may take another 80 tons, including Japan, Indonesia, South Korea, the Philippines, Taiwan, Macao, and parts of North Africa and the Near East.

25. The major sources of these illicit imports in the late 1960s were the contiguous poppy-growing regions of Burma, Laos, Thailand, and Afghanistan-Pakistan (see Figure 2). An estimated two-thirds of the latter region's output -- 175 to 200 tons -- is smuggled, mostly to Iran. Burma and Laos together probably export about 30% of their combined output -- 150 tons to 200 tons -- to other Far Eastern and Southeast Asian countries. Thailand consumes most of its production and exports only 25 tons to the same markets. Sixty tons of Turkey's illicit opium production of about 100 tons in 1968 and 1969 provided about 80% of the heroin consumed in Western Europe and North America. The remainder was nearly all smuggled into Iran. Small amounts of opium are smuggled into India (mainly from Pakistan) and out of the country (in several directions), but on a net basis India is probably not a significant exporter. Mexico's small production and that of some South American countries is nearly all smuggled to the United States. Only a very small amount of the US heroin supply originated in the Far East in the late 1960s. Very small quantities of Western Europe's heroin came from the Far East, India, and Pakistan. The latter two countries also supplied small amounts to North Africa and the Near East.

26. Except in Iran, a substantial amount of heroin consumed in victim countries is manufactured

abroad. All the North American supply so originates, most of it from Turkish morphine processed into heroin in France. Other European countries are also supplied for the most part by French laboratories. Heroin laboratories have been observed in Burma, Laos, and Thailand, and some of their product is exported, chiefly to Hong Kong. That colony is also a major heroin processing site and, like France, a source of heroin exports. Heroin laboratories also have been detected in Mexico. In Iran, virtually all the heroin consumed through the 1960s was processed within the country from opium or morphine of Turkish origin.

Organization of the Illicit Trade

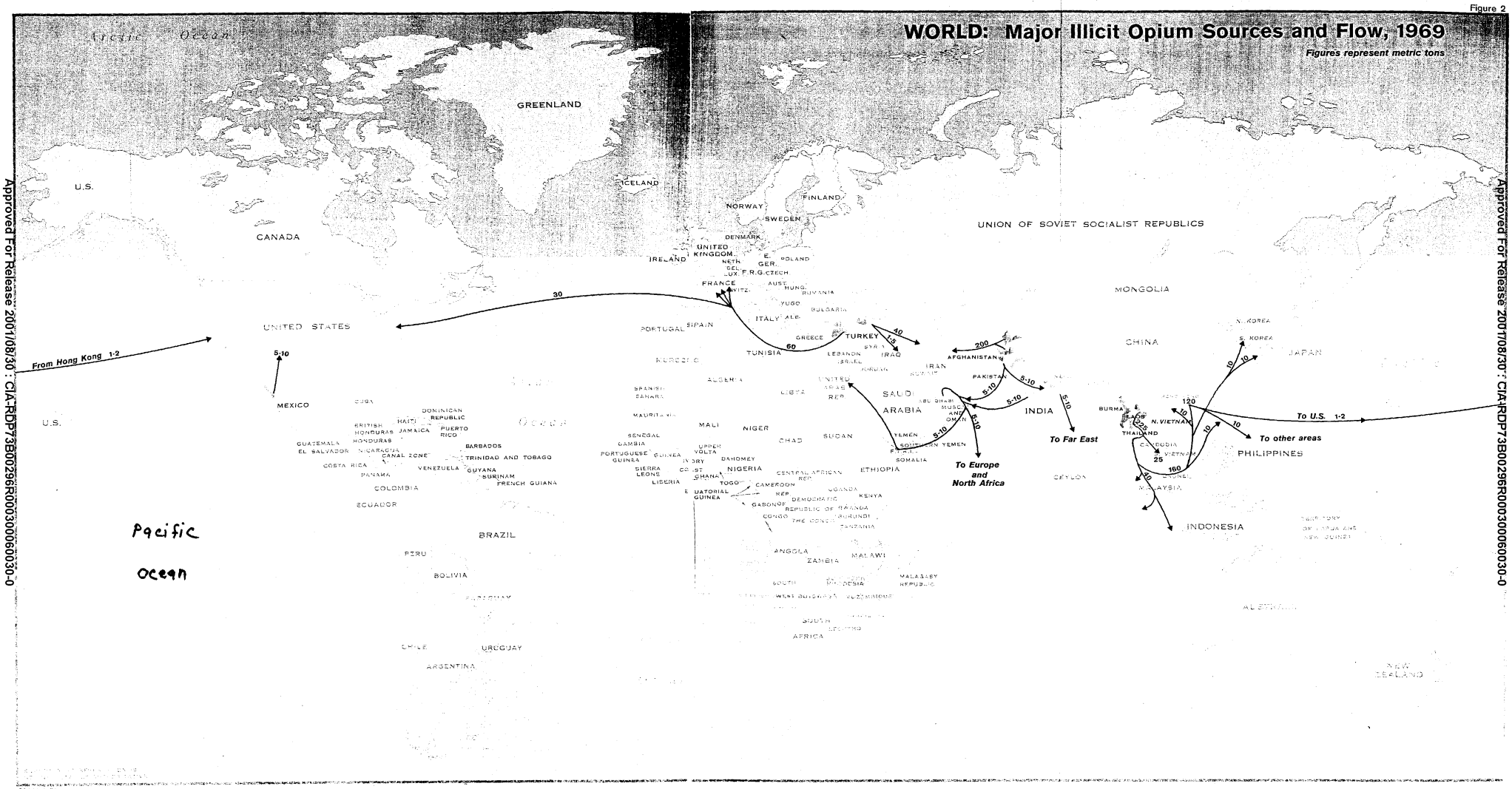
27. The illicit markets for opium and opiates are seller's markets from which the major supplying firms receive very high rates of return on their investment. Supplying the US market offers the largest scope for profits, as can be shown from the development of the price of heroin in 1969. Ten kilograms of opium, at a farm price of $25 per kilogram in Turkey, when converted to a kilogram of pure heroin, wholesales in New York for $220,000 (see Table 4). For the development of the price of heroin in Iran, see Table 4.

28. The wholesale firms trafficking in opium and opiates operate as oligopolies. They are large and few enough for each to exercise considerable influence over the local or national market. Rarely, however, do they choose to act independently. They normally operate in explicit or implicit collusion to set prices and sometimes form cartels to divide up national markets. The established firms also seek a stable environment that will allow them to restrict output of rival firms and dependably to arrange for the handling of large volumes with regularity. Rather elaborate organization as well as careful planning and efficiency of operations are required. Characteristically, wholesalers also minimize the legal risks to themselves from engaging in criminal activity. In some cases they may not actually come into direct contact with the contraband product and restrict their role to financing, negotiating contracts, and arranging through intermediaries for the collection or delivery of supplies.

Figure 2

WORLD: Major Illicit Opium Sources and Flow, 1969

Figures represent metric tons



Approved For Release 2001/08/30 : CIA-RDP73B00296R000300060030-0

Table 4

Development of Retail Price of Heroin
in the United States and Iran
1969

United States	US $ per Kilogram	US $ per Kilogram of Raw Opium Equivalent
Price to farmer for opium (In Turkey)	$25	--
Wholesale price for heroin a/ (Marseilles)	$5,000	$500
Border price for heroin (New York)	$10,000	$1,000
Wholesale price for heroin (New York)	$22,000	$2,200
Retail price for heroin (New York)	$220,000 b/	$22,000
Iran		
Price to farmer for opium (In Afghanistan/Pakistan)	$12 to $15	--
Border price for opium (Afghanistan/Iran)	$80 to $110	--
Wholesale price for heroin a/ (Teheran)	$2,600	$260
Retail price for heroin (Teheran)	$13,000	$1,300

a. When raw opium is converted to morphine and heroin the volume is reduced by a ratio of 10:1.
b. If sold as pure heroin. In fact, heroin is greatly adulterated when it reaches the addict; the price for adulterated heroin -- 40% purity -- would be about $88,000 per kilogram.

29. The movement of illicit opium from Turkey to its consumers to the east and west illustrates the wholesale trade's high degree of organization. Relatively small quantities of raw opium are collected from farmers by middlemen -- small-scale entrepreneurs who may deal with several villages. The illicit drug, either as raw opium or morphine base, eventually comes under the control of criminal syndicates in Istanbul, who smuggle morphine base to France overland via Bulgaria or Yugoslavia and thence to Germany where other operators arrange delivery to France or directly to Marseilles by boat. Turkish workers in Europe may be utilized for overland delivery and individual sailors or entire crews for delivery by sea.

30. The morphine base exported west from Turkey is delivered to a few nationally prominent criminal syndicates in France which arrange to convert it into heroin and deliver it to European and North American markets. Delivery to North America has been either by individual smugglers or rather well-organized rings. In either event, during the 1960s most deliveries were made to 10 to 12 wholesale firms in the United States and Canada that were major elements in the organized crime of both countries. When exporting morphine and opium to Iran, Turkish syndicates usually arranged for its movement to border areas and then for its smuggling into Iran by groups of Kurdish tribesmen via Iraq and directly by individual Turkish smugglers. In Iran, wholesalers sold some opium directly to retailers and converted lesser amounts into heroin before distribution.

31. Supplying opium to Iran from Afghanistan-Pakistan is usually the business of tribal chieftains near the producing areas who in turn make deliveries to groups that arrange transportation across Afghanistan to the Iranian border, usually by trucks using the cross-country northern highway. In the border area, delivery is usually made to tribal chiefs whose armed tribesmen take the opium into Iran, often in quantities of several hundred kilograms, for a small commission. For the local black market, Pakistani tribal chiefs near the producing areas deliver opium to rings which ship it southward as far as Karachi. In India, smuggling and black marketing are major economic

activities, and the wholesale trade in illicit opium often is fairly elaborately organized.

32. The major flow from Burma, Laos, and Thailand is via the Mekong River valley. Major cities such as Luang Prabang, Vientianne, and Bangkok are both final markets and transshipment points. Most re-exported opium and heroin is thence smuggled to Hong Kong which is also a final market and a transshipment point. Other shipments from Laos and Thailand move directly to South Vietnam and Cambodia or through Thailand to Malaysia and Singapore and then by boat or air to other countries. The first major raw opium collections in Burma are made by the so-called Kuomingtang Irregulars and the guerrilla armies of Shan tribal insurgents; the latter also convey the product southward to wholesalers in the cities, where some is converted to heroin for the domestic and export trade. These urban wholesalers are often prominent local businessmen. In Laos the armed forces themselves have been both major wholesalers and directly involved in large-scale smuggling. In Hong Kong the most prominent importers and wholesalers have frequently been businessmen whose other activities may have been largely licit.

33. In general, wholesale organizations trading in opium and opiates seek to corrupt government officials at fairly high levels when possible. Wholesalers need legal protection for themselves and continuity for their operations. Officialdom may be vulnerable because of the relatively large compensation it can get for collaborating with the major traders. For this reason, some officials have been directly involved in marketing transactions. Military officers, for example, were among those recently executed in Iran for narcotics violations. The involvement of individual officials and military officers in some other countries has also been documented, as has the use of diplomatic pouches for smuggling opium and heroin. In no country is the illicit trade in opium or heroin likely to flourish without the complicity of at least a few key civil servants or police officials.

Postwar Changes in the Opium Market

34. The world opium market has experienced dynamic change since World War II. Two landmark events were the rapid suppression of China's vast illicit market following the Communist takeover in 1949 and the abolition of cultivation in Iran after 1955 coupled with the gradual suppression of China's own illicit production soon afterward. Although the increasing use of poppy straw and changes in medicinal uses of opiates have influenced the demand for opium, the major shifts have resulted from government policies.

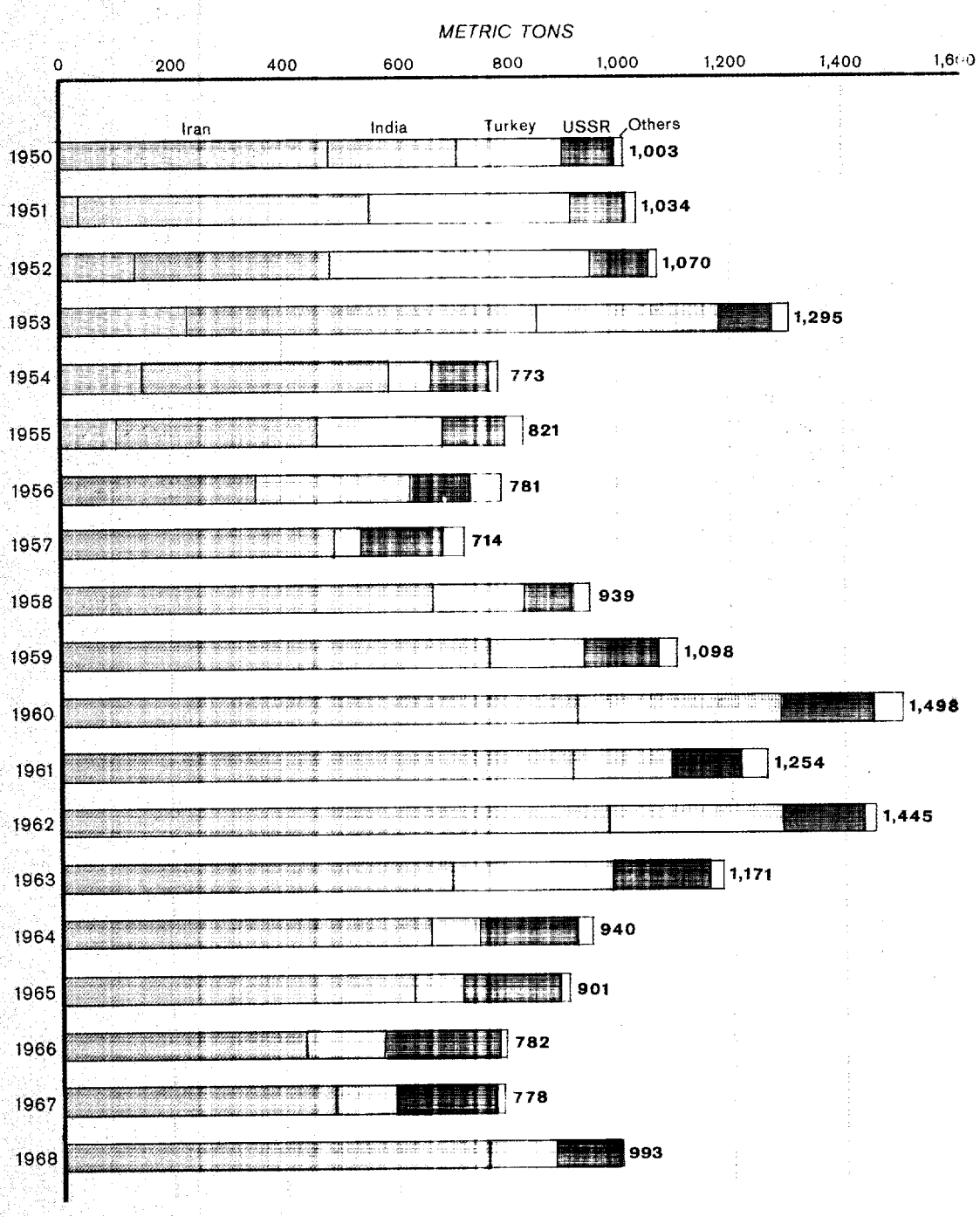
35. The market has shown flexibility in replacing suppliers, responding to shifts in demand, and devising new traffic routes. The most massive change was the sudden closure of the incomparably large Chinese illicit market which greatly reduced world demand for opium. In response to the abolition of poppy cultivation in Iran and the cessation of illicit cultivation in South China, new supplies were developed in Afghanistan-Pakistan, India, Turkey, and the hill areas of Burma, Laos, and Thailand. Further changes in the world distribution of opium production have resulted from a cutback in Turkish production, especially in the late 1960s.

Trends in Licit Production, Consumption, and Trade

36. World licit opium production has fluctuated widely in postwar years without any clearly discernible long-term trend. The fluctuations may chiefly reflect changes in demand coincident with buildups and depletions of stockpiles. Production was high in the early 1950s -- averaging 1,100 tons annually -- probably to replenish stocks drawn down during the war (see Figure 3). This was followed by about a 25% drop in average annual production until the late 1950s, after which output rapidly reached 1,500 tons in 1960. Output remained high until the mid-1960s but has since fallen to about 800 tons to 900 tons per year, probably reflecting a drawdown of stocks by pharmaceutical manufacturers in recent years.

Figur 3

WORLD LICIT OPIUM PRODUCTION BY PRINCIPAL COUNTRY*



*Excluding Communist China and North Vietnam.

510014 10-70

37. Following a sharp reduction in Iran's licit production after 1950 and its total abolition after 1955, the lion's share of licit opium production and exports shifted to India. India's licit output will likely further increase as a result of the cutback in Turkish poppy acreage, from 20,000 hectares in 1967 to about 12,000 in 1970. India by 1968 accounted for about 75% of world licit output and exports (see Figure 4).

38. Morphine manufacture shows an upward long-term trend; 85 tons in 1954, 120 tons by 1960, and 150 tons by the late 1960s (see Table 5). This largely reflects a rising demand for codeine. Codeine production climbed from 104 tons in 1960 to 136 tons in 1968. About 95% of morphine now is converted to other substances, overwhelmingly codeine. While opium stocks probably were used to meet the increased demand for morphine, some of the demand was met by the increasing use of poppy straw, which accounted for 29% of the morphine produced in 1965 and 39% in 1969.

Table 5

World Licit Production
of Opium, Morphine, and Codeine a/

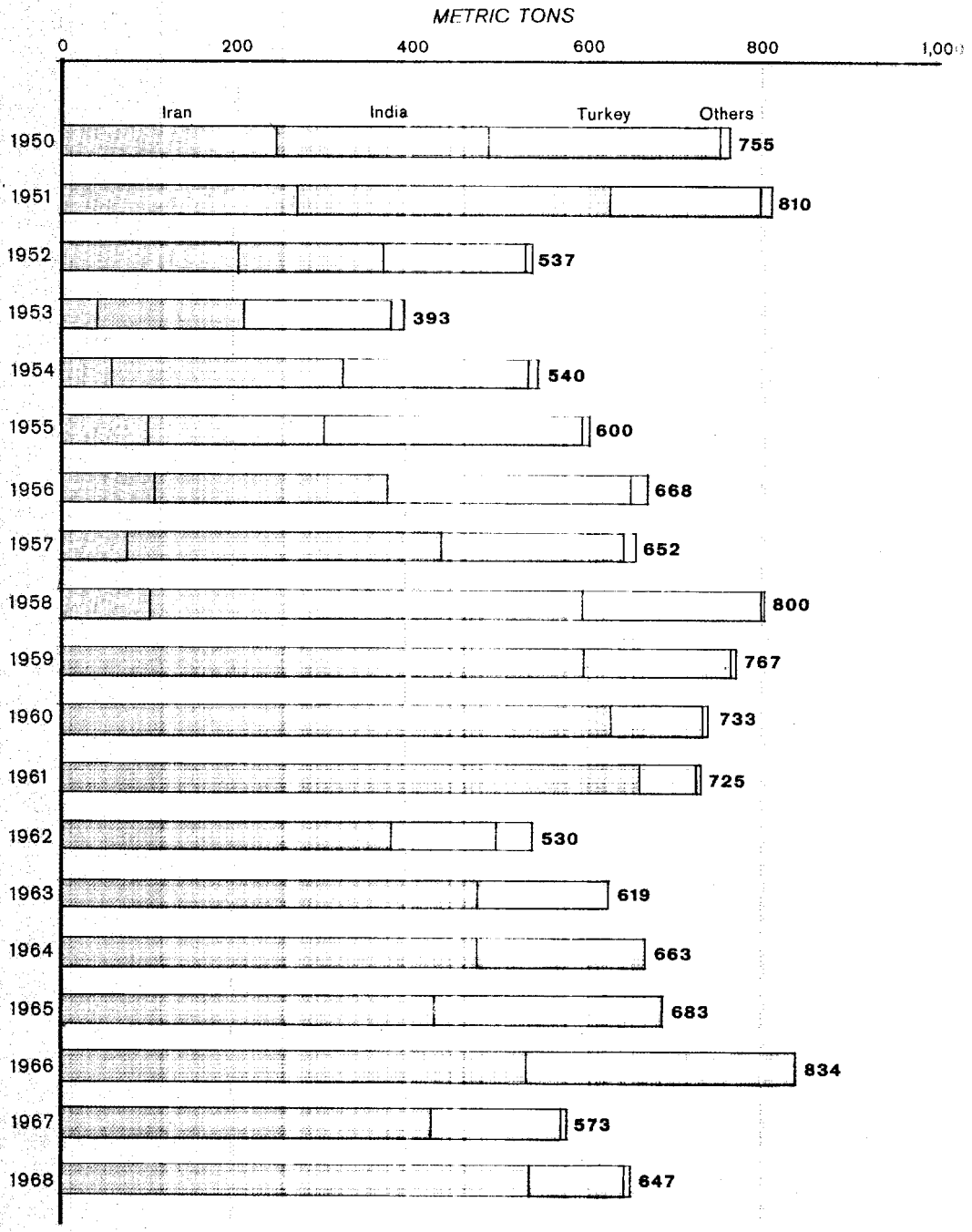
Metric Tons

Year	Opium	Morphine	Codeine
1960	1,498	120	104
1961	1,254	116	105
1962	1,445	121	105
1963	1,171	128	119 b/
1964	940	119	109 b/
1965	901	123	112 b/
1966	782	149	131
1967	778	143	127
1968	993	153	136

a. Excluding Communist China and North Vietnam.
b. Incomplete reporting.

Figure 4

WORLD LICIT OPIUM EXPORTS BY PRINCIPAL COUNTRY



510015 10-70

39. The decline in the average annual production of raw opium since 1964 eventually resulted in higher prices. Average prices paid for Turkish exports rose from $11.49 per kilogram in 1966 to $13.00 in 1968 and to $16.00 in 1969. The current world opium shortage appears to be only temporary, however. The key question for the longer term is not supply but demand. Recently increased poppy acreage in India should meet any foreseeable medicinal needs. Any major market change for licit raw opium will almost certainly depend on satisfactory synthetic replacements for codeine. To date these have proved to be costly. The licit market will also depend upon whether or not rapidly expanding poppy straw production proves technically practical and economically worthwhile.

40. The main government programs to distribute maintenance dosages of raw opium to registered addicts have long been declining, except in Iran. In India, such distribution fell from 150 tons in 1950 to 34 tons in 1957 and to about a 3-ton average since 1960. In Pakistan these sales were 14 tons in 1957, but only averaged about 7 tons in the mid-1960s. In both countries the decline appears to be mainly the result of progressively higher excise taxes on opium sold to addicts so that supplies became cheaper on the black market. In Iran, where the maintenance program has been growing rapidly in 1970, addict registration reached 50,000 by mid-year. This largely reflects an intensifying shortage of illicitly imported opium which has driven up black market prices, sometimes beyond the very high price for licit maintenance dosage. The latter price is currently $230 per kilogram, or $0.23 per gram.

Illicit Patterns to the Mid-1950s

41. With the Communist takeover in China in 1949, world demand for illicit opium fell markedly. Before 1949 the Chinese illicit market was possibly several times larger than all other such markets combined. Some estimates place China's user and addict population on the eve of World War II at 10 million. This population, mostly in the large eastern cities, was supplied principally by imports, chiefly from Iran and India, then the world's

leading illicit opium producers. Other countries, including Pakistan, Egypt, and French Indochina, contributed lesser supplies. China's own opium-producing areas, centering around Yunnan Province, supplied a relatively small local market and most of the large output was exported directly to Burma, the rest of Southeast Asia, and Hong Kong. Some Yunnan opium was shipped by sea to China's own eastern coastal cities.

42. In the early 1950s, Iran remained a leading illicit opium producer and exporter. With an estimated 25,000 hectares under poppy cultivation and a licit output averaging only 185 tons annually, the illicit output was clearly several times larger. In addition to supplying most of the large domestic market, this output supplied many other markets to the east and west. Probably the larger part of Iranian exports moved eastward through the Persian Gulf to Hong Kong and Southeast Asia. Toward the west the main flows went by sea through the Gulf and overland to Iraq, Syria, Lebanon, the Arabian Peninsula, and North Africa. Some Iranian opium destined for Western Europe and North America was processed into morphine in Syria and Lebanon and then shipped to Italy and France for further processing into heroin.

43. India's illicit export trade began declining to its present low level in the early 1950s. The loss of the massive Chinese market was the initial cause. During the first half of the 1950s, New Delhi's maintenance program -- in the past the principal source of addict consumption -- was already declining precipitously, and the Indian domestic black market was becoming a major alternative outlet for illicit production.

44. Production from South China continued to service the markets of the Far East and Southeast Asia during this period, but probably at a declining rate. Although seizures of Chinese opium continued to be reported by customs authorities in Hong Kong and Southeast Asia, illicit production in China probably began to decline as the Communists extended their political control. In response, production in Burma, Laos, and Thailand, which had long been servicing the same markets, probably began to increase as an offset to declining Chinese output.

45. Turkey, the remaining principal illicit producer, exported virtually all its output, mainly southward to the Arab countries that were also being supplied by Iran. As with Iranian opium, part of these Turkish exports went to Western Europe and North America after processing and transshipping first through Syria and Lebanon and then through Italy and France. Some portion of Turkish opium was aimed directly at Italy and France by sea routes chiefly originating in Istanbul. West Pakistan was still a minor producer and net importer, depending on Afghanistan for a large share of its own opium supplies.

From the Mid-1950s to the Mid-1960s

46. After Iran banned poppy cultivation in 1955 and Communist China acquired control over its cultivation, the main shifts in world illicit opium production were largely in response to continuing high demand in Iran and in the Far East and Southeast Asia. To meet Iranian demand, illicit production rose sharply in Afghanistan-Pakistan and Turkey. To replace supplies from China and Iran to the Far East and Southeast Asia, production rose substantially in Burma, Laos, and Thailand. Turkey largely filled the demand from Iran's former customers in the West by increasing its exports to the Arab countries, Western Europe, and North America.

47. Afghanistan-Pakistan increasingly supplied Iran's illicit imports after 1955, eventually an estimated 250 tons annually. Reflecting the upsurge in Iranian demand, illicit opium prices in West Pakistan rose more than 250% from 1957 to 1959. By the mid-1960s, however, production had risen sharply and the price dropped to near the 1957 level. At the same time, West Pakistan became virtually the sole supplier to its own fairly large domestic black market. Large increases in poppy acreage in Afghanistan's irrigated valleys adjacent to Pakistan were noted by several observers after the mid-1950s. Turkey largely supplied the western half of Iran and accounted for about 40% of that country's illicit imports.

48. With production up in Burma, Laos, and Thailand in the late 1950s, the area became a massive producer and the source of more than half

the world's present supply of 1,250 tons to 1,400 tons annually. The Far East and Southeast Asia quickly became self-sufficient in opium.

49. Since 1955, there have been some major changes in consumption. In Iran the active user and addict population was cut significantly -- some 350,000 compared with perhaps one million or even more before abolition. The growth or decline of populations elsewhere is not easily documented. Consumption in the Far East and Southeast Asia very likely rose substantially during the 1960s. Increased consumption in Burma, Laos, and Thailand seems especially likely in view of the rise in supply. Western Europe and North America also experienced rapid increases in their addict populations -- almost exclusively addiction to heroin -- since World War II.

50. Heroin addiction also has grown in countries other than in Western Europe and North America. Before the mid-1950s, Iranian addicts were exclusively raw opium consumers. Heroin was unknown until 1953. After 1960, however, heroin addiction spread rapidly and by the middle of the decade probably reached its present level of 50,000 addicts. In the Far East and Southeast Asia, considerable growth in heroin addiction also occurred. The observations of many specialists document this phenomenon as do the increasing number of heroin laboratories in the region, particularly in producing countries and in Hong Kong.

51. In both the Far East and Iran, a shift to emphasis on heroin consumption in urban areas has probably been stimulated by enforcement efforts because heroin is easier to handle by traffickers and its consumption is less visible. However, heroin addiction in these countries as elsewhere also reflects basic problems of development and health.

52. In the mid-1950s as Turkey's illicit traffic expanded, the portion destined for Western Europe and North America increasingly shifted to direct overseas shipments to French ports. By the mid-1950s -- thanks to decisive Italian enforcement -- Italy ceased to be an important processing and transshipment point. During the 1960s, however,

Turkish exports to Western Europe and North America also began to go overland to Europe in increasing amounts in response to increased enforcement in both Turkey and France against seaborne contraband. Also as a defense against enforcement (the amounts are much smaller and hence easier to conceal) and for greater profit, Turkish traffic in morphine increased rapidly from the mid-1950s. By the mid-1960s, Turkish illicit exports to the West were practically all of crude morphine. Heroin has never been manufactured in Turkey, and Turkish smugglers are loath to carry it, probably because the government set very stiff penalties in 1953 for heroin trafficking. In replacing Iranian exports, Turkey came to account for about 80% of the heroin entering Western Europe and the United States. Throughout the 1960s, Mexico supplied about 15% of US heroin imports and the Far East only about 5%.

Recent Developments

53. The main recent change in world illicit production has been declining Turkish output. In 1968, illicit Turkish opium production probably dropped sharply as a result of reduced poppy acreage and government purchases of a larger share of the crop. Substantial acreage cutbacks began in 1964 but had no marked impact because, until 1968, Ankara purchased much less than half of total production, as indicated by the data on yields from licit production (see Table 6).

54. With the fall in illicit output as of 1968, Turkish illicit exports must also have declined. The effects of reduced production on exports would not have been felt until 1969, however -- 1968 exports were chiefly from the 1967 fall harvest. In 1969, Turkish exports to Iran were probably cut back in favor of the more profitable Western markets.

55. In 1970, Turkish exports to Iran were cut back sharply following policy changes in both Ankara and Teheran. This year for the first time, Ankara and Teheran entered into a formal collaborative effort to suppress opium smuggling from Turkey to Iran. The Turkish army and Iranian gendarmerie agreed in January to increase cooperation and forces

Table 6

Turkish Licit Production,
Acreage, and Yields of Opium

Year	Production (Metric Tons)	Acreage (Hectares)	Yields a/ (Kilograms per Hectare)
1960	365	42,000	8.7
1961	172	38,000	4.5
1962	311	36,000	8.6
1963	287	38,000	7.6
1964	83	28,000	3.0
1965	86	22,000	3.9
1966	139	24,000	5.8
1967	115	20,000	5.8
1968	122	13,000	9.4
1969	127	13,000 b/	9.8

a. Derived from official estimates of acreage and government purchases of raw opium from the farmers.
b. Estimated.

on both sides. The result has been a severe reduction in smuggling across the Iranian-Turkish border and the Iraqi-Iranian border. As a consequence seizures in these areas have dwindled to insignificance this year, reflecting a cutback in Turkish shipments aimed at Iran. The incentive to Turkish smugglers to ship opium and morphine to Iran was also dampened in 1969 when Iran imposed the death penalty for narcotics trafficking.

56. The net effect of these joint efforts has been a scarcity of opium and heroin in Iran. In the 12 months ending in August 1970, the illicit price of Turkish opium in Teheran doubled. Much Turkish opium was available only at prices in excess of Iran's licit price for maintenance dosages for registered addicts. Prices for heroin, manufactured mainly from Turkish opium and morphine, tripled. While capital punishment and increased border surveillance have been weighty deterrents to Turkish smugglers, Iranian enforcement measures

have been less effective against Afghani traders. For example, in mid-1970, Afghani opium was still priced well below Iran's licit maintenance price. Iranian border seizures have risen sharply but probably so have border incursions from Afghanistan involving smaller shipments to thwart Iranian border authorities. The largest proportion of the more than 40 persons executed in Iran for smuggling since 1969 have been Afghanis. In view of persisting strong Iranian demand, it seems likely that production in Afghanistan-Pakistan is being increased.

57. Turkish illicit output may have declined somewhat again this year. A drought substantially reduced actual yields in 1970, and Ankara decided for the first time to try to buy up the entire crop. It is far from certain that the government procurement effort will be especially successful. If it is and because yields have been reduced, Turkish exports to Western Europe, North America, and the Arab countries will not be available in the usual amounts next year.

58. During the past two years, Turkish traffic has been the target of stepped-up enforcement by the French and US governments. As one consequence, some heroin-processing laboratories formerly based in the Marseilles area are now more widely dispersed both within and outside France. Moreover, the regular smuggling of heroin from Europe to the United States has become more difficult for traditional wholesalers because of increased enforcement. Therefore, the smuggling business has witnessed the entry of new organized rings. Some established wholesale firms, reacting to enforcement pressures, have apparently chosen to disengage at least temporarily while others were forced out by successful prosecutions. The entry of Cuban-exile smuggling groups into the internal heroin wholesaling in the United States indicates some disarray in the established structure.

59. Because of growing pressures to reduce illicit output in Turkey and also in Mexico, following Mexican-US collaboration in Operation Cooperation, traffickers are already seeking new sources. Probably in direct response to Mexican

enforcement pressures, some dealers there have been exploring other countries for new supplies for the US market. New heroin distilleries and poppy fields have been observed in South America this year. Other wholesalers are apparently turning to the Far East for supplies. This area is still a relatively small supplier of heroin to the United States, but traffic has increased perhaps severalfold this year and new smuggling organizations are being formed in anticipation of sharply increased business. The West European market meanwhile has also been obtaining increasing amounts of heroin from Pakistan, India, and the Far East.

Controlling Opium-Based Drug Abuse

Control and Development

60. The growth of opium-based drug abuse reflects larger problems of economic, political, and social development. Economic incentives remain strong in most opium-producing countries because agricultural incomes there are low and labor plentiful and cheap. Complete administrative control over poppy cultivation is difficult in the best of circumstances and impossible in many areas which lack national political control. Prevailing public attitudes tend to forestall broad treatment and rehabilitation programs. In most producing countries the public is used to and tolerant of widespread opium use. In many non-producing victim countries, abuse is viewed as criminal and the responsibility of enforcement agencies and the courts. But partly because of public attitudes, enforcement itself has lagged in developing techniques appropriate to suppressing the wholesale illicit trade. Progress both in enforcement and treatment has been hampered by inadequate international cooperation.

Dampening the Incentive to Produce

61. An economic approach to controlling illicit opium production has serious limitations. The basic problem is that opium is almost always produced where there is abundant and cheap labor. Substitute crops that would earn as much or more income than opium per farm unit are difficult to

find. So long as large-scale underemployment exists, a farmer can increase his family's income by raising poppy, natural conditions being appropriate.

62. Thus governments seeking to control production through incentives will probably find crop substitution alone inadequate. A program would require subsidies -- either directly as an inducement to the farmer not to grow poppy or indirectly in the form of above-market prices for substitute crops. Raising agricultural yields, diversifying farm output, and establishing industry accessible to local labor would all help. Among the major opium-producing countries, Turkey is most advanced economically, and further development will probably reduce the profitability of opium production eventually. But elsewhere, effective restrictions on output will depend most heavily on direct government control.

63. Opium production is an important source of income for individual farmers and thus a political issue of moment in some countries. It does not, however, benefit the national economies of any producing country appreciably. India, the world's largest producer and exporter of licit opium, earns only $6 million to $7 million annually from overseas sales compared with total export earnings approaching $2 billion. Income generated from licit production -- the total returns to farmers -- hardly exceeds $12 million annually. Turkey's situation is similar: in 1967 licit opium exports were valued at $1.7 million, less than 0.3% of total export earnings. A smaller amount was earned for poppy straw exports, but total income from licit production was at most $3 million. If the tribal area of Burma, Laos, and Thailand were considered as an economic region, however, opium production there would assume more economic significance since it is a principal source of income, at least among some tribes. It also helps insurgents there to finance arms imports.

Direct Control Over Production

64. Energetic national governments can stop opium production. The problem is that the major share of illicit output comes from areas where

there is little or no national control, especially those inhabited by tribal peoples. In Burma, Laos, and Thailand, most of the producing areas are also insurgent areas. In Pakistan, most illicit poppy is cultivated in the settled areas of the North-west Frontier Province where cultivators are mostly tribal peoples, although they live mainly outside tribal areas. Much the same situation exists in Afghanistan. The small scattered production in Mexico, South America, and North Africa takes place in remote rural areas.

65. Even where control has been established, large illicit production has occurred, as in Turkey and India. In such countries, illicit production originates from understating yields on licensed or otherwise reported acreage, and/or from unlicensed or unreported acreage.

66. Official Turkish acreage statistics are probably fairly complete, and understating yields appears to be the principal source of illicit production. Until recently, most production entered illicit channels because the state opium monopoly restricted its farm purchases to only the amount necessary to fulfill its export sales contracts.

67. Very little of Pakistan's poppy cultivation is under a formal control system, but even where it is, a substantial portion has leaked in the same way as in Turkey. During 1966-68 the reported official Pakistani yield averaged 4.7 kilograms per hectare, but this probably was only one-third the actual yield. The official procurements mainly represented the opium needed for the government maintenance program for addicts.

68. In India, most illicit production probably comes from unlicensed acreage as official Indian yields have rather steadily averaged about 20 kilograms per hectare and hence should not understate actual yields much. As in Turkey the government's purchasing policy largely reflects export contracts. During the 1960s, 70% of licit Indian production was exported.

69. There has been little leakage from Iran's fledgling control system. Its effectiveness has been due to the combination of high farm support

prices for opium and extremely severe punishment for illicit dealing in opium. A very high priority has been assigned the new program. Responsibility for licensing poppy acreage and collecting the harvested opium has been vested in the Ministry of Land Reform, which has taken elaborate control measures. Enforcement efforts, including those of the gendarmerie in rural areas, have been greatly stepped up.

70. In countries where poppy is cultivated by tribal peoples, production probably cannot be controlled without extending enforcement into the tribal areas and also socially integrating tribal peoples into national life. Even in Pakistan this would be a formidable and probably long-term task. In Burma, Laos, and Thailand this kind of development is made even more unlikely by insurgency.

71. To control poppy production completely, Ankara and New Delhi would have to sustain expensive administrative and enforcement programs. In the past, however, both countries have tended to minimize such costs and hold crop collection down near the level of export commitments. The apparent drop in Turkish illicit output reflects improved control, but leakage is probably still substantial. The poppy farmer is attracted to illicit dealings if the black market price is significantly higher than the licit price. Iran is trying to prevent diversion by setting very high farm prices, but if production there becomes large, costs will become significant. In view of the costs and effort needed to control even small-scale production in Iran, a simpler answer -- administratively and from the enforcement standpoint -- would be to abolish cultivation altogether. In the past, abolition has proved feasible in Iran and more recently in many provinces of Turkey.

Reducing Demand

72. Public attitudes toward opium-based drug abuse have not changed very much in 20 years. In much of the world, tolerance based on longstanding beliefs and customs prevails. Among tribal peoples producing opium, its use in religious ceremonies and on festive occasions is common. Among peoples without access to modern medicine, opium is a

general household medicine. Belief in the efficacy of opium as an aphrodisiac and cure-all is widespread. By contrast, in most countries where heroin addiction is the main abuse problem, public fear and outrage tend to focus on illicit traffickers and addicts alike.

73. Almost nowhere is opium-based drug abuse regarded primarily as a medical problem. In the present state of medical and social scientific knowledge, treatment and rehabilitation costs for entire addict populations are not predictable, because this would almost certainly involve treating the broader human problems of adjusting to rapid social change and mental health generally. The total cost could easily exceed politically acceptable limits. The degree of public support for new medical approaches to treatment and rehabilitation is far from certain. Unexpected leakages from the UK's system of free prescriptions for addicts, for example, could lessen acceptance of further experimental programs there. In the United States, methadone programs for treating heroin addicts have an uncertain future not only because medical efficacy has yet to be confirmed but also because public support for broad-scale coverage is as yet undetermined.

74. The fate of the maintenance program for opium addicts in India and Pakistan suggests that fiscal constraints can easily weaken government-sponsored treatment programs for addicts, at least in countries with limited resources. Pressures to show a profit from such programs helped price licit opium out of the market because the black market could supply addicts more cheaply but still realize large profits. Because the programs declined rapidly in both countries, no adequate test of their efficacy in diminishing addiction was possible.

75. Iran now has the world's largest opium maintenance program, with increasing success judging by the rising enrollment of registered addicts. The governing principle in the Iranian program -- that receipts must cover costs -- has dictated, however, the official price to addicts of $230 per kilogram. In view of the high price the program's success to date must be largely

attributed to the effectiveness of police controls over illicit imports and local production. If illicit supplies again become more plentiful, the program will probably fall off.

76. Breakthroughs in medical and social science are in all probability essential before illicit demand can be substantially reduced. Gaps in knowledge of abuse patterns are formidable and probably less is known about the medical and social effects of raw opium -- still the main form of abusive consumption -- than about heroin. Research on opium-based drug abuse would undoubtedly benefit from close links with work on psychomimetic substances.

Suppressing the Illicit Trade

77. The organized character of the illicit wholesale trade and the political and economic settings in which it prospers help to place the enforcement tasks in perspective. Although its operations are national and international in scope, wholesaling in opium or opiates often represents only one facet of a syndicate's criminal business and very often not the most important part. Historically, the major criminal organizations in the United States have had a near-monopoly of the domestic wholesale heroin trade. Wholesale organizations the world over frequently manage to protect themselves politically, and this adds to enforcement complexities. Finally, illicit trade in opium and opiates is very often only part of a larger smuggling activity. In some producing countries, for example, a significant portion of international trade moves through smuggling channels. When it reaches this scale, the suppression of a single commodity may be extremely difficult.

78. A change in the public's view of enforcement is probably indispensable to more effective suppression of the illicit wholesale trade. Just as they tend to define the scale of treatment and rehabilitation, public attitudes influence the quality and amount of available law enforcement. By and large, any citizenry wants police protection first for its immediate safety, usually protection against locally based, relatively unorganized

criminal activity. There is generally little public awareness of criminal activity organized on national and even international lines. This lack of awareness frequently results in a pendulum effect in law enforcement administration. Occasionally public interest in nationwide enforcement campaigns is aroused, but the interest wanes and campaigns tend to diminish in intensity and effectiveness.

79. Most enforcement manpower now is necessarily occupied with suppressing locally based criminal activity, and national police organizations often spend much of their time directly supporting local enforcement. One effect of this focus is that, even at the national police level, the preponderance of enforcement against opium-based drug abuse is directed against relatively small-scale retailers, hired couriers, and the addicts themselves. In most countries there is no intelligence organization with central responsibility for operational and analytical intelligence in respect to national and international criminal organizations.

80. Upgrading enforcement capabilities against the illicit trade in opium and opiates would almost certainly presume increasing international cooperation among police agencies and perhaps especially multilateral cooperation. The recent bilateral enforcement agreements between the United States and Mexico, the United States and France, and Iran and Turkey have been steps in this direction.

Conclusions

81. Somewhat less than half the world's opium production is used for licit, medicinal purposes, chiefly to manufacture codeine. The balance -- 1,250 tons to 1,400 tons annually -- is illicitly produced and sold to meet the needs of some two million or more users and addicts around the world. Illicit production is now concentrated in the Far East (the contiguous hill country of Burma, Laos, and Thailand) and in the Pushtu-speaking areas of Afghanistan and Pakistan but continues on a significant scale in India and Turkey. Most illicit opium users still take it in raw form, but a large and increasing proportion has been using the refined and more dangerous form of heroin. Addiction to opium is a major problem in every opium-producing country except Turkey as well as in many non-producing victim countries. The United States has the largest number of heroin addicts -- over 100,000 -- but Western Europe, Iran, the Far East, and Southeast Asia also have large numbers. The market for illicit opium and its derivatives is everywhere controlled at the wholesale level by syndicates highly organized on national and even international lines.

82. Since World War II the main changes in the world opium market have resulted from government policies, chiefly those eliminating or significantly reducing production but also enforcement policies. Despite these actions, the illicit market has been flexible in replacing sources of supplies, in responding to shifts in demand, and in devising new channels of illicit traffic. As a result, opium-based drug abuse has been a persistently growing international problem.

83. The growth of opium-based drug abuse reflects larger problems of economic, political, and social development. The economic incentive to produce opium remains strong in most producing countries because agricultural incomes are low and labor abundant and cheap. Specific problems involved in controlling the illicit opium market include the following:

a. A purely economic approach has serious limitations because crop substitution alone is not enough. To fully offset the farmers' income lost by forgoing opium production, crop subsidies would almost certainly be required. In the long run the economic incentive to produce opium would best be eliminated by general economic development in poppy-growing areas.

b. Direct administrative control over poppy cultivation is not possible in the major areas of illicit production, because they are not controlled by the national governments. Even in countries where national governments are relatively strong, those governments must exert costly administrative and enforcement efforts continuously in order to suppress illicit production.

c. A greater effort to reduce demand itself requires public support for larger expenditures on treatment. A reduction in illicit market demand also presupposes breakthroughs in medical and social science and a greater pooling of international efforts in research.

d. Enforcement alone cannot suppress opium-based drug abuse in the countries now experiencing its worst effects. Nevertheless, the contribution of enforcement to suppression would be improved by focusing more effort against the illicit trade at the wholesale level and by upgrading enforcement methods and organization, particularly at the national police level. Increased international collaboration among enforcement arms against organized crime is probably crucial to suppressing the illicit trade.

Confidential

Confidential

Approved For Release 2001/08/30 : CIA-RDP73B00296R000300060030-0